

Message Text

UNCLASSIFIED

PAGE 01 LONDON 09206 01 OF 02 021822Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01 OMB-01 /100 W
-----021911Z 040542 /43

R 021809Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4656

UNCLAS SECTION 01 OF 02 LONDON 09206

E.O. 11652: N/A
TAGS: PINT, ELAB, EGEN, UK
SUBJECT: BOOST FORGOVERNMENT HOPES FOR STAGE THREE

SUMMARY: GOVERNMENT HOPES OF SUCCESSFULLY NEGOTIATING
A THIRD STAGE OF INCOMES POLICY WITH THE TUC WERE EN-
COURAGED YESTERDAY (JUNE L) BY THE SUPPORT OF TWO UNION
CONFERENCES. THE GENERAL AND MUNICIPAL WORKERS UNION
(GMWU) CARRIED AN EXECUTIVE MOTION SUPPORTING "AN
ORDERLY RETURN TO FREE COLLECTIVE BARGAINING" BY AN
UNEXPECTEDLY LARGE MAJORITY. MEANWHILE, THE IRON AND
STEEL TRADES CONFEDERATION (ISTC) WAS PRODUCING MUCH
THE SAME DECISION AT ITS OWN ANNUAL CONFERENCE. THESE
LIFE-LINES COME AT A TIME WHEN THE GOVERNMENT IS BEING
OPPOSED BY TWO UNIONS IN EVERY THREE THAT HAVE DEBATED
THE ISSUE AT CONFERENCE. THE SUPPORT EXPRESSED IN
YESTERDAY'S VOTES IS ALSO QUALIFIED, AND THERE ARE A
NUMBER OF SHIFTS IN THE EMPHASIS OF GOVERNMENT POLICY
THAT THE UNIONS WISH TO SEE BEFORE A DEAL CAN BE
AGREED. THE BROAD IMPLICATION OF THE VOTES IS THAT THE
SETTLEMENT, IF IT COMES, IS UNLIKELY TO PRODUCE THE 10
PERCENT LIMIT ON EARNINGS THE GOVERNMENT AT ONE STAGE
WISHED TO SEE. END SUMMARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 09206 01 OF 02 021822Z

1. THE GMWU, BRITAIN'S THIRD LARGEST TRADE UNION.
YESTERDAY PLEDGED ITS CONTINUED SUPPORT FOR THE SOCIAL
CONTRACT IN AN OVERWHELMING VOTE ADVOCATING "AN ORDERLY
RETURN TO FREE COLLECTIVE BARGAINING." IN THE
LANGUAGE OF THE PRESENT DEBATE WITHIN THE UNION MOVE-
MENT, THIS GMWU DECISION MEANS THAT THE UNION'S VOTE
AT CONGRESS THIS YEAR WILL BE BEHIND A NEGOTIATED

INCOMES POLICY. THE RESULT IS SOMETHING OF A PERSONAL TRIUMPH FOR GENERAL SECRETARY DAVID BASNETT WHO PLAYS A CENTRAL ROLE IN THE TUC'S NEGOTIATING COMMITTEE. HIS PERSONAL SUPPORT FOR CONTINUED WAGE RESTRAINT WAS WELL KNOWN, BUT IT HAD FOR SOME TIME BEEN UNCERTAIN WHETHER THIS WOULD BE SUFFICIENT TO OUTWEIGH THE OPPOSITION EXPRESSED IN SOME OF THE GMWU REGIONAL OFFICES. BASNETT SWUNG THE FLOATING VOTERS INTO LINE YESTERDAY WITH A SPEECH THAT OUTLINED BOTH THE COST OF A FAILURE TO AGREE ON PAY POLICY, AND THE PRICE THE GOVERNMENT WOULD HAVE TO PAY FOR TRADE UNION SUPPORT IN ITS FIGHT TO STAY IN OFFICE.

2. THOUGH THE MOTION COMMITTED BASNETT TO NO PARTICULAR FIGURES, HE WAS CAREFUL TO ARTICULATE GOVERNMENT ACTIONS THAT WOULD MAKE AN AGREEMENT POSSIBLE. HE REFERRED TO THE NEED FOR AN EXTENSION OF PRICE CONTROLS, ADDITIONAL ACTION ON UNEMPLOYMENT, REVERSAL OF SOME REDUCTIONS IN PUBLIC EXPENDITURE AND A REVISED TARGET FOR MINIMUM WAGE LEVELS. THE TERMS OF THE PAY DEAL ITSELF WERE LEFT SUFFICIENTLY UNCLEAR TO GIVE THE TUC SCOPE FOR FLEXIBILITY IN ITS NEGOTIATIONS WITH GOVERNMENT. HIS LIST OF REQUIREMENTS INCLUDED CONSOLIDATION OF SOME OR ALL OF THE STAGE I AND II INCREASES INTO BASIC RATES, THE RESTORATION OF DIFFERENTIALS AND, MOST SIGNIFICANTLY, THE PROTECTION OF THE REAL VALUE OF WAGES. IN THE UNLIKELY EVENT OF MR. BASNETT FINDING

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 09206 01 OF 02 021822Z

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 09206 02 OF 02 021822Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01 OMB-01 /100 W
-----021911Z 040565 /43

R 021809Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4657

UNCLAS SECTION 02 OF 02 LONDON 09206

SATISFACTION ON ALL THESE FRONTS, IT SEEMS THAT THE 10 PERCENT CEILING ON EARNINGS INCREASES THAT THE CHANCELLOR FAVORS WOULD BE IMPOSSIBLE, THOUGH, AS THE FINANCIAL TIMES OF JUNE 2 SUGGESTS, MR. HEALEY "RECOGNIZES THAT 10 PERCENT MAY NOT BE POSSIBLE."

3. THE ISTC ALSO GAVE OVERWHELMING, IF QUALIFIED, SUPPORT TO THE GOVERNMENT YESTERDAY WHEN ITS ANNUAL CONFERENCE AGREED TO THE NEGOTIATION OF A THIRD STAGE OF A PAY POLICY THAT PROVIDED SUFFICIENT FLEXIBILITY TO ALLOW FOR PRODUCTIVITY DEALS AND THE REMOVAL OF ANOMALIES. WHILE THE SUPPORT OF THIS UNION OF 105,000 MEMBERS IS NOT AS IMPORTANT TO THE GOVERNMENT AS THE GMWU RESULT, IT DOES HAVE CONSIDERABLE SIGNIFICANCE. THE ISTC HAS MEMBERS IN BOTH THE PUBLICLY AND PRIVATELY OWNED SECTORS OF THE STEEL INDUSTRY AND YESTERDAY'S RESULT REPRESENTS SOMETHING OF A VICTORY FOR THE WEAKER PRIVATE SECTOR WORKERS WHO WERE MORE CONSCIOUS OF THE THREAT OF UNEMPLOYMENT THAT WOULD FOLLOW A WAGE EXPLOSION. THE STEEL INDUSTRY IS ALSO FACED WITH CRIPPLING PRODUCTIVITY PROBLEMS; THE UNION'S INSISTENCE ON PRODUCTIVITY AGREEMENTS IN THE NEW DEAL SUGGEST UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 09206 02 OF 02 021822Z

THAT SOME MOVES TO ALLEVIATE THESE PROBLEMS MAY BE POSSIBLE IN THE COMING MONTHS.

4. COMMENT: THESE TWO RESULTS MEAN THAT THE VOTING STRENGTH WITHIN THE TUC AT THE MOMENT IS BALANCED WITH 2.4 MILLION VOTES IN FAVOR OF A DEAL AND 2.8 MILLION AGAINST. THE FINAL OUTCOME OF THE OVERALL VOTE WILL NOT BE KNOWN UNTIL THE MINERS, THE TRANSPORT WORKERS AND THE LOCAL AUTHORITY EMPLOYEES HAVE HELD THEIR CONFERENCES. THE CRUCIAL VOTE WILL BE THAT OF THE TRANSPORT WORKERS WHO, AS THE COUNTRY'S LARGEST UNION, CARRY THE MAJOR BLOCK VOTE AT CONGRESS.

BREWSTER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC STABILITY, LOBBYING, NEGOTIATIONS, CENTRAL GOVERNMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON09206
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770197-0050
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770698/aaaadicl.tel
Line Count: 166
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6e0cc486-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2306564
Secure: OPEN
Status: NATIVE
Subject: BOOST FORGOVERNMENT HOPES FOR STAGE THREE SUMMARY: GOVERNMENT HOPES OF SUCCESSFULLY NEGOTIATING A THIRD STAGE OF INCOMES POLICY WITH THE TUC WERE
TAGS: PINT, ELAB, EGEN, UK
To: STATE
Type: TE
vdkgvwkey: odbcr://SAS/SAS.dbo.SAS_Docs/6e0cc486-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009